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AYLESBURY VALE DISTRICT COUNCIL

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Democratic Services

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29 August 2019

FINANCE AND SERVICES SCRUTINY COMMITTEE

A meeting of the Finance and Services Scrutiny Committee will be held at **6.30 pm** on **Monday 9 September 2019** in **The Paralympic Room, Aylesbury Vale District Council, The Gateway, Gatehouse Road, Aylesbury, HP19 8FF**, when your attendance is requested.

Membership: Councillor M Rand (Chairman); Councillors B Everitt (Vice-Chairman), N Blake, J Bloom, J Chilver, S Lambert, R Newcombe, M Smith, M Stamp, R Stuchbury and A Waite

Contact Officer for meeting arrangements: Craig Saunders; csaunders@aylesburyvaledc.gov.uk;

AGENDA

1. APOLOGIES

2. TEMPORARY CHANGES TO MEMBERSHIP

Any changes will be reported at the meeting.

3. MINUTES (Pages 3 - 10)

To approve as a correct record the Minutes of the meeting held on 2 July 2019, copy attached as an appendix.

4. DECLARATION OF INTEREST

Members to declare any interests.

5. AGENCY AND TEMPORARY STAFF RESOURCES (Pages 11 - 18)

To consider the attached report.

Contact Officer: Andy Barton (01296) 585062

6. COUNCIL TAX COLLECTION PERFORMANCE (Pages 19 - 22)

To consider the attached report.

Contact Officer: Lorraine Marshall (01296) 585296

POSITIVE ABOUT DISABLED PEOPLE

7. **2018-19 TREASURY MANAGEMENT OUTTURN** (Pages 23 - 26)

To consider the attached report.

Contact Officer: Nuala Donnelly (01296) 585164

8. **QUARTERLY FINANCE DIGEST: APRIL TO JUNE 2019** (Pages 27 - 50)

To consider the attached report.

Contact Officer: Nuala Donnelly (01296) 585164

9. **WORK PROGRAMME**

To consider agenda items for future meetings. Meetings are scheduled as follows:-

- 11 November 2019 – Quarterly Finance Digest Q2 2019-20, Treasury Management 2019-20 (Mid Year Review)
- 17 February 2020 – Not items as yet

FINANCE AND SERVICES SCRUTINY COMMITTEE

2 JULY 2019

PRESENT: Councillor M Rand (Chairman); Councillors B Everitt (Vice-Chairman), N Blake, J Bloom, R Newcombe, M Smith and A Waite.

APOLOGIES: Councillors J Chilver, S Lambert, M Stamp and R Stuchbury and Mrs J Ward.

1. ELECTION OF CHAIRMAN

RESOLVED –

That Councillor Rand be elected Chairman of the Committee for the ensuing year.

2. APPOINTMENT OF VICE CHAIRMAN

RESOLVED –

That Councillor Everitt be appointed Vice Chairman of the Committee for the ensuing year.

3. MINUTES

RESOLVED –

That the Minutes of the meeting held on 14 January, 2019, be approved as a correct record.

4. LEISURE CENTRES MANAGEMENT CONTRACT - ANNUAL REPORT 2018-19

The Committee received a report, as well as a short video presentation, on the key outcome and outputs achieved by the Leisure Management Contract in 2018/19 and which also provided key performance information and an overview of the key suggested actions for 2019/20.

Representatives from Everyone Active, who were responsible for the leisure management contract for Aqua Vale Swim and Fitness Centre and at the Swan Pool and Leisure Centre attended the meeting to support the presentation to Members and to answer questions. The current contract had commenced on 1 April 2013 for 10 years with a mutual option to extend for a further 5 years. This report looked at Year 6 of the contract.

Members were informed that the Leisure Management Contract realised betterment to AVDC of circa £620,000 per annum, £120,000 saving was achieved by no management fee being paid to the leisure centre operator as per the previous contract and £500,000 income was generated by EA paying the Council for the opportunity to manage the centres on AVDC's behalf. The management fee payable to the Council for the period 2017/18 was £547,379 which took into account the CPI annual increase.

AVDC provided a monitoring role as part of the contract arrangements and conducted monthly monitoring by holding Contract performance meetings and inspections. This was stepped up if there were areas of concern or an increase in complaints. The regular performance meetings examined a range of performance indicators which included information similar to that contained within Appendix A to the Committee report.

The information provided a baseline for future reports and for measuring contract outcomes and outputs.

The council had undertaken an extensive £2.7m modernisation project of Swan Pool and Leisure Centre between February 2015 and February 2016 which had delivered new and improved facilities and increased levels of customer satisfaction and usage. The last major modernisation project at Aqua Vale Swimming and Fitness Centre had been completed in 2012 at a cost of £6.7m.

Members were informed that £702,700 had been spent on updates and improvements of both leisure centres in the last financial year. Projects had included modernisation of the Aqua Vale pool side toilets, private showers and accessible changing. A state-of-the-art drowning detection system Pool view had also been installed. Investments at Swan Pool had included gym replacement equipment, new boilers, a range of lighting improvements and CCTV installation for the all-weather pitch. A list of all improvements undertaken last year and planned for this financial year was detailed in Appendix A to the Committee report.

Section 9 included a proposal to introduce a new soft play area to the Swan Pool centre in place of the climbing wall. Soft play areas have become increasingly popular whilst unfortunately, despite good marketing, demand for the climbing wall had reduced with users prepared to travel to bigger leisure centres or preferring instead to use dedicated climbing centres such as Big Rock in MK. The proposal was to apply for unallocated Section 106 money to provide the new facility. The climbing wall had been sold with the buyer also paying for the dismantling which would have cost AVDC between £5,000 and £10,000.

The crèche at Swan Pool would close this summer due to low take up. EA's efforts to promote the crèche have been scrutinised by officers and the Cabinet member for Civic Amenities. The current service did not require the crèche to be registered with Ofsted. This did, however, mean that its use is limited to users of the centre and for up to two hours. These terms had made it difficult to attract the numbers that would make the service sustainable.

The detailed performance information of the Aqua Vale Swimming and Fitness Centre and Swan Pool and Leisure Centre was detailed at Appendix A to the Committee report. This information provided a baseline for future reports and concentrated on the Leisure Management Contract outcomes and outputs for 2018/19.

A new General Manager had started at Aqua Vale in May 2018 and been instrumental in continuing to improve the quality of cleaning and customer service. A General Manager for the Swan Pool had also been appointed in November 2018. The second appointment had been a move to strengthen the management structure at that site and was not a replacement for a previous post holder. The EA Contract Management Team otherwise remains the same.

Cleanliness and cleaning standards remained a focus for the Cabinet Member for Civic Amenities and AVDC. Any complaints were followed up and discussed with the EA Contract Manager and the cleanliness of the site formed part of the monthly monitoring. The cleaning of the leisure centres remained in-house by EA who now had complete control of the staff, processes and performance. There were understandably, some occasions when standards fell short but EA had been quick to resolve these as soon as possible.

Vandalism and wilful damage whilst not excessive, was apparent from time to time. Notably, each year, for the past four years, the front elevation glazing had been deliberately smashed causing approximately £15,000 of damage. This year the same culprit had undertaken to cause more damage and had been caught on CCTV. The culprit had been charged with this and other offences but, unfortunately, no compensation is likely.

Attendance across the contract had risen by 60,808 users on the previous year equating to a 5.7% overall increase. The Committee was informed that EA were placing greater focus on the customer journey at the centres and continued to use technology to gain insight and improve the centre experience. One means of doing this was by introducing a pre-booking system for casual swimming. This had reduced the number of customers queuing, improved the customer experience and was a means to increase footfall.

Members sought additional information and were informed:-

(i) that the footfall at the Swan Pool had been impacted when a budget gym had opened in a warehouse down the road. EA stated that they believed that the Swan Pool had a better and more varied offering than the budget gym. As such, while the Swan Pool was looking at pricing points and other initiatives to regain customers who had left, e.g. gym only memberships for 16-21 year olds, it was not trying to compete solely on price.

(ii) that the reason for the increase in the number of staff accidents at Aqua Vale was due to a more rigorous reporting regime being introduced. Very small issues that had not been reported in the past were now being captured and recorded.

(iii) that the increased in the accident rate at Aqua Vale from 5.03 to 6.20 accidents per 10,000 visits was due to sporting injuries and natural causes. All other types of injury had remained static.

(iv) that the accidents per 10,000 visits and RIDDOR reportable incidents at Swan Pool had reduced significantly over the year. While there were no trends to identify the reason for this, the Swan Pool facilities and café were better laid out than Aqua Vale which could be a factor.

(v) that the Swan Pool General Manager would investigate why the mushroom fountain had not been working on occasions over the previous months. It was possible that some features had been turned off at non-peak times but they should have been operating during family time.

(vi) that EA and AVDC would continue to invest in Aqua Vale and the Swan Pool to ensure the facilities continued to evolve and gave the public what they wanted.

RESOLVED –

That the representatives from EA be thanked for attending the meeting and for the positive progress that continued to be made in managing and improving the Council's leisure centres.

5. QUARTERLY FINANCE DIGEST

The Committee received the Quarterly Financial Digest for the period to 31 March 2019, which represented the final outturn position for the Council for the financial year 2018-19. The digest was attached as Appendix 1 to the Committee report, and was based on the actual income and expenditure for the 12 month period from April 2018 to March 2019. The Council's financial statements for this period had been submitted to the external auditors although their audit work had not yet been completed.

As at the end of March 2019, the Council was reporting a surplus of £432,000 for the financial year 2018-19, before the transfer from general fund balances. The outturn was better than planned by £192,000 and better than forecast by £353,000. A planned surplus of £240,000 had been assumed in budget plans for 2018-19.

The year end position represented an overspend against the Portfolios of £740,000 that was offset by a favourable variance of £932,000 across the Corporate level budgets. The Committee report at Appendix 1 detailed the forecast outturn for each Portfolio and Digest.

A total spend of £150.702m had been incurred in the delivery of the Council services in 2018-19, and income levels of £151.134m had been generated.

As a consequence of the outturn, General fund balances would be marginally higher than predicted as at the end of March 2019. The level of general balances for the financial year was now £2.353m, and above the minimum assessed level of balances of £2.0m.

The financial outturn position is also consistent with that used in budget planning for 2019/20. Members noted that the draft annual accounts would be presented to the Audit Committee meeting on 15 July 2019. The accounts had been completed by the deadline of 31 May 2019 to allow for external audit and final approval of the accounts by the 31 July 2019 statutory deadline. However, the Council had been informed by the External Auditors that due to their resourcing issues at their end this would not be possible and the final audit of the accounts would not be undertaken until September 2019.

The year end position within the statutory accounts contained transactions that were required by the accounting regulations. The statutory accounts only present actual expenditure and income, without reference to budgeted levels. Therefore, whilst the accounts presented the definitive position on the Authority by way of its financial resources, they did not inform Members as to whether this was a planned or expected position.

The Quarterly Financial Digest was the primary reporting tool for in-year financial management and provided management information to help explain significant financial events that had occurred during the year by comparing them with the expected or budgeted equivalent figures.

The financial position for the year was largely being driven by above budgeted levels of staff costs. Spending on agency staff, in particular, had been a priority area in terms of focused financial management. Granular detail of spend was reviewed to support on-going financial decision making. Agency staff had been employed during the year in a number of key operational areas to support project work and service delivery. The reasons for this included:

- To support funded project work e.g. Connected Knowledge programme and GDPR.
- To support service delivery where there are vacancies or activity related pressures.
- To provide flexibility of service provision

The use of agency to support vacancies and activity pressures incurred a premium cost and adverse variance to agreed budgets. The spend had been largely as forecast.

Graphical information on the agency spend (at Sector level) of £3.716m across the organisation was provided, along with comparative information for 2017/18. A significant proportion of agency spend (66%) related to staffing provision within the planning service. Staff vacancies and demands on workload continued to drive agency spend in this area.

Agency staff had also been used for:-

- Housing Benefit administration and Enforcement teams as a result of staff vacancies from sickness and turnover.
- Digital (IT) Services (16% of total agency spend), to support the Connected Knowledge programme, and to cover a number of in-year vacancies.
- People and Payroll department to support both vacancies and prolonged periods of sickness absence, and at the Depot where agency loaders provided flexibility to meet staffing patterns.

The dependency on using high cost agency staff continued to be targeted to reduce risk of further in–year overspends. Plans had being developed to address spend and mitigating actions were being taken. Budgets for some areas e.g. planning have been adjusted in 2019-20 to address recurrent budgetary pressures in relation to staffing. Despite these known pressures on staff costs (adverse variance of £1.8m to budget), it has been possible to largely offset agency costs with additional efficiencies and income. These included:

- savings against budget in relation to transitional relief for business rates.
- increased income from commercial rents particularly at Pembroke Road, and for garden waste and commercial waste services.
- savings on vehicle costs at the depot due to previous capital investment.
- general efficiencies in the running costs of departments including savings on GDPR implementation provisions.
- savings on interest charges due to lower than planned level of borrowing.
- Revision downwards of minimum revenue position required as a result of prudent borrowing position.
- Higher than planned income on Business rates and collection fund.

Forecast Outturn

The outturn had been better than planned by £192,000 and better than forecast by £353,000. A planned surplus of £240,000 had been assumed in budget plans for 2018-19. A table detailed the changes from the forecast made at December 2018 was included in the Committee report.

In preparing forecasts, best estimates of income and expenditure were made in line with known expectations and intelligence on emerging issues in liaison with budget managers. Inevitably, organisational changes could lead to variation in spending patterns from the forecast set. Where this happens, action is required and taken to address variations across both portfolios and also within corporate budgets.

The changes to the forecast include:

- an increase of £96K on portfolio spend. A number of factors contributed to this change across all portfolios including increased levels of staff costs and also revision to income targets and other spend levels. The impact of staff changes across the organisation had been difficult to assess with precise accuracy. For operational issues, some changes didn't happen as quickly as forecast.
- Lower than anticipated collection fund levy
- Realisation of dividend payments had not previously been forecast
- Above planned levels of business rates income particularly retained enterprise zone relief.
- lower than forecast spend against contingency budget. It had been previously assumed that the budget would be fully utilised.
- Higher than planned interest payments and lower borrowing costs.

The Council was working in a dynamic financial environment. To ensure forecasting was as accurate as possible, members of the finance team regularly engaged with budget holders to ensure that any emerging issues for finance and related activities were flagged as early as possible to allow corrective action to be taken.

Reserves and Provisions

Detail of the reserves and provisions currently held by the Council were detailed on page 14 of the Digest. These reserves were held against specific risks and commitments. The closing balance for the financial year was £30.608m. This represented a decrease of £3.391m over the balance held at the end of the previous financial year.

In year, a decision had been taken to utilise reserves to support the financial impact of the unitary decision. An ear-marked reserve of £5m had now been created.

Capital Spend

The Digest at page 15 also reported on the level of capital spend for the financial year. The Council had reported a total spend on its capital plans of £9.166m. This included £3.024m to create new assets including the Public Realm Waterside North and the Pembroke Road depot scheme. A further £6.142m had been spend to support capital development in relation to financing for the Public Realm Waterside North scheme and also the Enterprise Zone at Silverstone.

Capital expenditure was financed by revenue contributions and capital receipts (which includes planned use of New Homes Bonus). It was anticipated during the year that a significant element of the programme would be funded from prudential borrowing. The Council had taken a prudent approach to financing the capital programme by deploying revenue reserves and cash balances instead of using external borrowing where possible as this produced a lower net cost. The change in funding had therefore reduced the on-going financing cost of the capital programme.

It was anticipated that any slippage in spend from 2018-19 would be carried forward to 2019-20. There was no perceived risk on the delivery of the overall schemes.

Investment and Borrowing

The Digest at page 16 included information on the level of investments and borrowings over the twelve months of the financial year. No new borrowing has been taken out so the current level remains at £18.5m. The council had £35.66m invested at the end of March 2019, in a combination of banks, building societies and money market funds.

With interest rates still at low levels, the actual amount of deposit income generated had been £376,000, £16,000 higher than planned. This was due to the high level of money available for deposit from unspent reserves and balances held to meet capital programme obligations.

Budget Management

As a final summary, Members were informed that the Council's financial performance in 2018/19 continued to be good, as reported to the meeting. The financial environment for 2019/20 would remain challenging, particularly as the Council would have to manage the uncertainty in relation to becoming a unitary organisation. In particular, it was recognised that the uncertainty from the unitary decision on staff retention and recruitment could potentially lead to further reliance on agency and temporary staffing arrangements. As a direct response to emerging financial risks, the Council would continue to identify where things could be done more efficiently, and at reduced cost, maximise all opportunities to increase income to the Council, and reduce spend on non-pay items where possible.

Escalation processes had been put in in place, during 2019-20, to monitor performance in year against the agreed plan. The key financial management messages, based on the forecast outturn for 2018-19 and the financial plan for 2019-20 were:

- To reduce agency spend and dependency on temporary staffing solutions.
- To identify where things could be done more efficiently, and at reduced cost.
- To maximise all opportunities to increase income to the Council.
- To reduce spend on non-pay items where possible.

The focus of the Council continues to be delivering financial stability and a balanced position for the new unitary Council. As a part of routine financial management arrangements, budget holders' were asked to regularly review all of their areas of responsibility to assess areas where spend can be minimised and income opportunities optimised. Budget managers were encouraged to review anticipated staff costs and agency costs over the coming months, with an emphasis to manage within budget whilst still maintain service delivery.

Members sought additional information and were informed:-

(i) that the significant savings against the Civic Amenities portfolio was mainly due to car park management where there had been savings from transition relief in business rates and additional pay and display income. This had been partially offset by higher buildings insurance premiums for Hampden House and lower service charge income. An undertaking was given to provide Members with a breakdown of the savings.

(ii) that the reduced income from Land Charges work was directly attributable to a lack of staff.

(iii) that the budget variances in the Legal Services area were due to timing of receipts in relation to Section 106 income and increased spend on agency staff and consultancy.

(iv) that the realisation of dividend payments not previously forecast mentioned at paragraph 4.5 of the report related to Aylesbury Vale Estates paying the Council a dividend in full for the year.

(v) that approximately 8% of agency staff engaged by the Council were used to cover vacancies. Approximately two-thirds of the agency staff were employed in planning.

(vi) that the housing benefits anticipated provision for bad debts figure was based on a calculation on the aging of debt over 180 days old.

(vii) that the lower costs during the year for abandoned vehicles and land drainage related to a number of savings across a range of services.

(viii) that the higher costs for the Planning Service was due to consultancy and agency staff fees currently employed to reduce the high number of planning applications backlog.

(ix) that AVDC had repaid borrowings to a Local Authority in April 2018 which had reduced the total amount of borrowings now owed

Members expressed concerns over the Finance and Resources portfolio where it appeared that most areas had increased employee/agency staff, although it was accepted that this was partly due to the organisation having to manage the result of the unitary council decision on staff retention and recruitment. The Committee requested that a report be submitted to the next meeting in September on how staffing retention, recruitment and the use of agency staff was being managed, including a breakdown of the financial impacts in different Service areas.

RESOLVED –

(1) That the contents of the Digest and the final outturn position for the Council for the financial year 2018-19 be noted.

(2) That staff be congratulated for their efforts and contributions to the better than planned outturn position for the last financial year.

(3) That a report on staffing be submitted to the next meeting in September 2019, as detailed above.

6. FUTURE WORK PROGRAMME

RESOLVED –

That the future work programme as submitted to the meeting be noted.

Finance and Services Scrutiny Committee
9 September 2019

AGENCY & TEMPORARY STAFF RESOURCES

1 Purpose

1.1 Following a request at the July meeting of the Committee, this report updates and sets out how staffing retention, recruitment and the use of agency staff is being managed, including a breakdown of the financial impacts in different Service areas.

2 Recommendations/for decision

2.1 To note the content of the report

2.2 To note the actions already in place for management of Agency & Temporary Staff, and the retention of existing staff.

2.3 To suggest any further actions that could be taken to better manage Agency & Temporary Staff bearing in mind the current context and measures already in place.

3 Executive summary (if longer than 2 pages)

3.1 The report sets out the current situation regarding our use of Agency & Temporary staff and the measures, controls and mitigations in place for their management.

4 Supporting information

HISTORIC POSITION & CONTEXT

4.1 The Council has used agency and temporary staff as a long standing and vital part of our resourcing approach. They are used to address short term and temporary needs, bolster resources in peak times and for particular types of cyclical work (such as annual canvas and events). They run alongside the use of consultants who are used to bring in additional (normally technical) resource to again help with the Councils normal business. All of these types of temporary resource, used in a controlled and planned way, and are therefore a normal part of the operation.

4.2 In recent years there has been a peak of use of agency/temp staff, this was linked to the change programme where we in effect restaffed the entire organisation. During this period, we used a significant level of agency/temp staff to help with the transition.

4.3 In the last couple of years we have also seen the growing effects of a number of trends:

- Effects of a high area of employment – meaning it is harder for us to attract new talent to the area, and the area itself has low unemployment therefore a smaller available pool of future employees.
- A number of small but notable pockets of skills shortages, notably in planning, IT technical posts, and also in HGV drivers.
- Competitiveness of our salaries – a planned re salary grading was halted post the change programme due to the announcement of unitary.

4.4 During this time, we have put in place numerous interventions deploying all of the levers available to us and ranging from golden hellos, growing our own, attending recruitment fairs, adding market premia, use of recruitment consultants etc. We also put in place further monitoring and controls including monthly monitoring, escalation, ensuring our contracts are competitive and have moved with the current situation etc. This had a good / fair success rate in the period up until the unitary announcement, and our use of agency/temp staff was dropping and we were filling most of our vacant posts (thereby avoiding the use of temporary staff). Historic data is shown in Annex 1.

CURRENT PROCESS, POSITION & CONTEXT

4.5 The process for appointing agency/temporary staff includes sign off by a member of the leadership team prior to any appointment, and in most cases, there will be at least one cycle of normal recruitment. Due to the unitary vacancy protocol this means a 2-week advert across the 5 councils, followed by a normal external period (if internal applications are not received). In some pressured roles this is con-current to avoid delay. We have contracts in place for our generic agency need, and also a number of individual contracts for specialist suppliers including the hard to appoint groups cited above. In some of the hard to fill rolls we are also undertaking rolling advertising to ensure we do not miss the opportunity of new people entering the employment market.

4.6 Every month a list of all agency staff is considered by the leadership team, to ensure categorisation is correct, that there is global oversite, and to ensure that the senior team is aware of the agency use in their area. This is jointly conducted by Finance and HR. This is in addition to the normal budgetary monitoring including the leadership team and portfolio holders.

4.7 For the current year, whilst there is a recurrent need for agency, for the period April to June 2019, the average spend is 3% lower than the average monthly spend incurred during 2018-19. Drawing on monitoring shared across all 5 councils in the run up to unitary this spend level is comparable with the other District Councils in Buckinghamshire.

4.8 We are however now anticipating an upward trend in agency/temporary staff use. This is primarily due to the impacts of the unitary announcement. Following the announcement of the unitary council we have assessed our risks, and one of the highest identified is the loss of key staff (be these either leadership capacity to ensure delivery and progress and/or technical staff to ensure services operate).

4.9 We are currently operating in an environment of ambiguity over the shape and structure of the new Council and the likelihood of restructuring and potential job changes / losses post vesting day. This in turn leads to a threat to perceived job security in a high employment area. Some staff have already decided to move on, and this in turn has a multiplier and knock on effect to remaining staff, both in terms of further destabilisation, likely increased workload and therefore possible increasing the ‘push’ factors away from remaining with AVDC. In the senior leadership tiers and in some technical roles it will become increasingly difficult to replace any staff who choose to leave – there simply will not be time to bring people up to speed in any meaningful way prior to vesting, and/or this will drain resources even more.

4.10 Combined with the secondment of growing levels of staff into the shadow organisation, and the level of work to support the formation of the unitary council we are needing to temporarily support the existing workforce. This is both to facilitate necessary unitary work and the continuation of our normal operation. It is therefore highly likely that we will see a growth in temporary and agency staff for the rest of this financial year.

4.11 This is offset in cost terms by vacant posts, but agency/temp staff are often at a cost premium to normal recruitment. In all cases we will seek to fill posts with employed staff, and even when agency staff are in place we will continue to advertise, however until the picture around unitary is clearer (likely post vesting day) it is unlikely we will be able to reassure new incoming staff to a sufficient level in sufficient numbers to impact on this significantly.

4.12 We are also deploying a number of retention approaches to existing staff to attempt reduce the number of staff leaving the organisation, and hence the need for temporary staff. These cover the full range of options available to us including retention payment to critical roles, increasing our recognition of effort (individual and teams), increased communications, learning & training opportunities, wellbeing and health programmes, counter offers (limited) and some changes to our recruitment processes. We are of course also working with the other five councils to grasp opportunities that cross working may provide in advance of vesting day.

NEXT STEPS

4.13 Due to the context we are operating in, and particularly due to the unitary transition, it is highly likely that our agency / temporary staff use will increase during this financial year. It could be volatile month to month, and whilst we are putting in measures and controls to impact on this, it is not likely to mitigate these completely. Where budgetary implications are known these will be monitored and reacted to as they occur.

4.14 We also have little option but in doing this, our two principle aims are to ensure we transition to unitary safely with good services in place, ensuring services to our residents are as unaffected as possible. Also the work required to undertake this transition must also continue to ensure that the new councils offer is as strong as possible.

4.15 Controls are in place to help monitoring and impact on changes, and we are putting in place measures to reassure and retain staff. However, we have little influence over individuals taking the choice to leave the organisation. Where possible our focus is on ensuring that key services continue to be delivered.

5 Resource implications

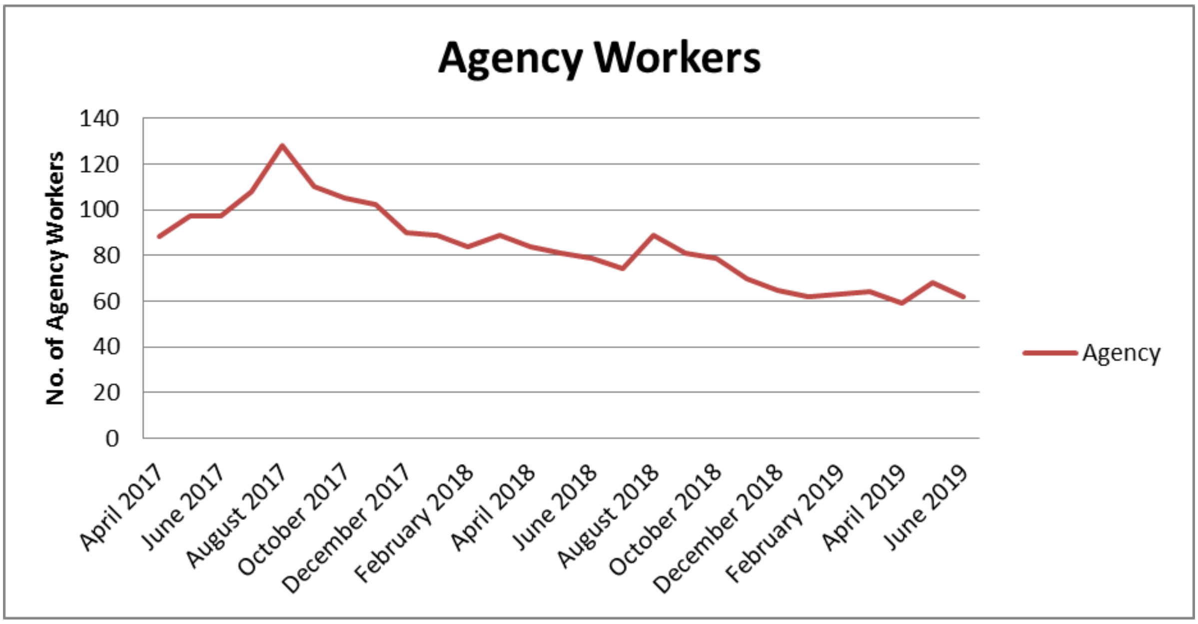
5.1 These are covered in the body of the report, and in the normal budgetary management process. As budget pressures change and move in the run up to unitary there will undoubtedly be a need to reallocate budget (from example projects no longer continuing) to address any pressures.

Contact Officer	Andy Barton 01296 585430
Background Documents	Corporate Dashboard and Risk Register

Annex 1 – Historical Data 2017 – to 2019

Commentary :

- There is an overall falling pattern of use of both agency and consultancy staff. The main current use of staff is in planning and waste.
- The peak in April 2017 – early 2018 is linked to the final parts of the change programme
- The rise of agency use in April 2019 onwards is attributable to the need to backfill/cover unitary transition posts and or mainly planning resources and also due to a 5 week month in May 2019.
- The rise in consultancy use in late 2018 is primarily linked to additional resource to secure work around VALP
- The growth in the use of agency in the digital sector during 2018/19 is a combination of programme attributed spend (therefore funded outside of the normal pay envelope), and also linked to the need to secure additional technical resources sparse in the market.
- Note – there are some anomalies month to month due to 5 week months




Consultancy Workers
No. of Consultant Workers
25
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April 2017
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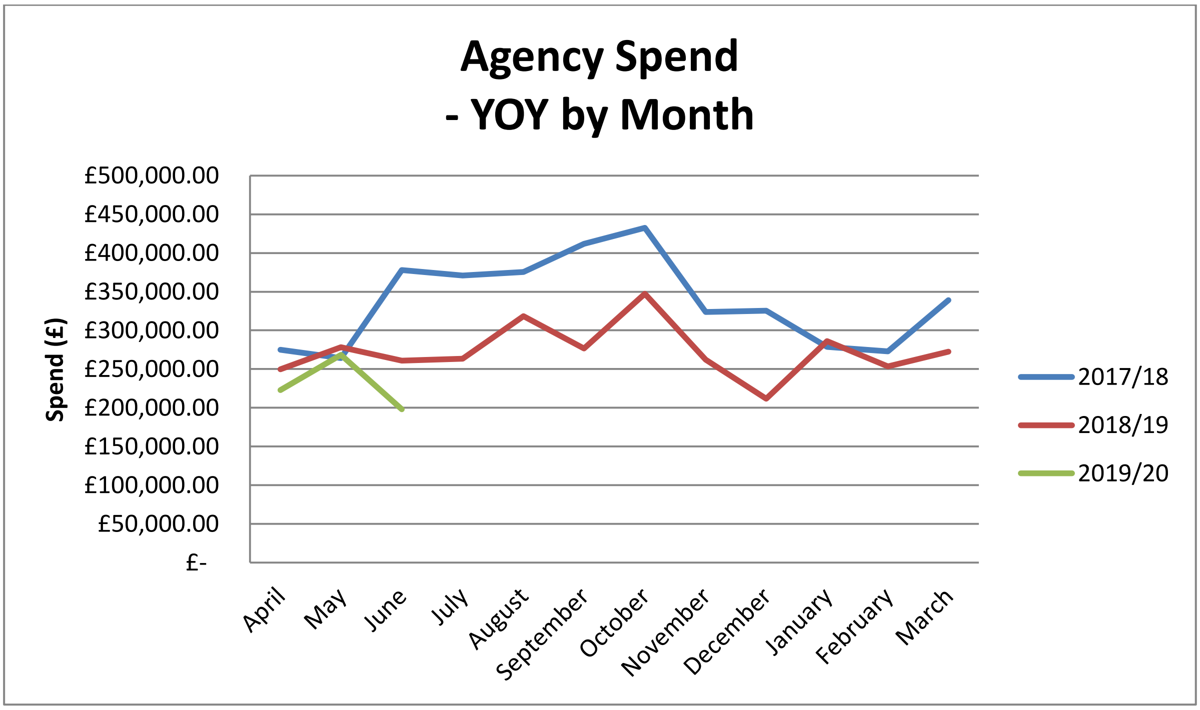
Consultancy


Agency Spend
- YOY by Month
Spend (£)
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£400,000.00
£350,000.00
£300,000.00
£250,000.00
£200,000.00
£150,000.00
£100,000.00
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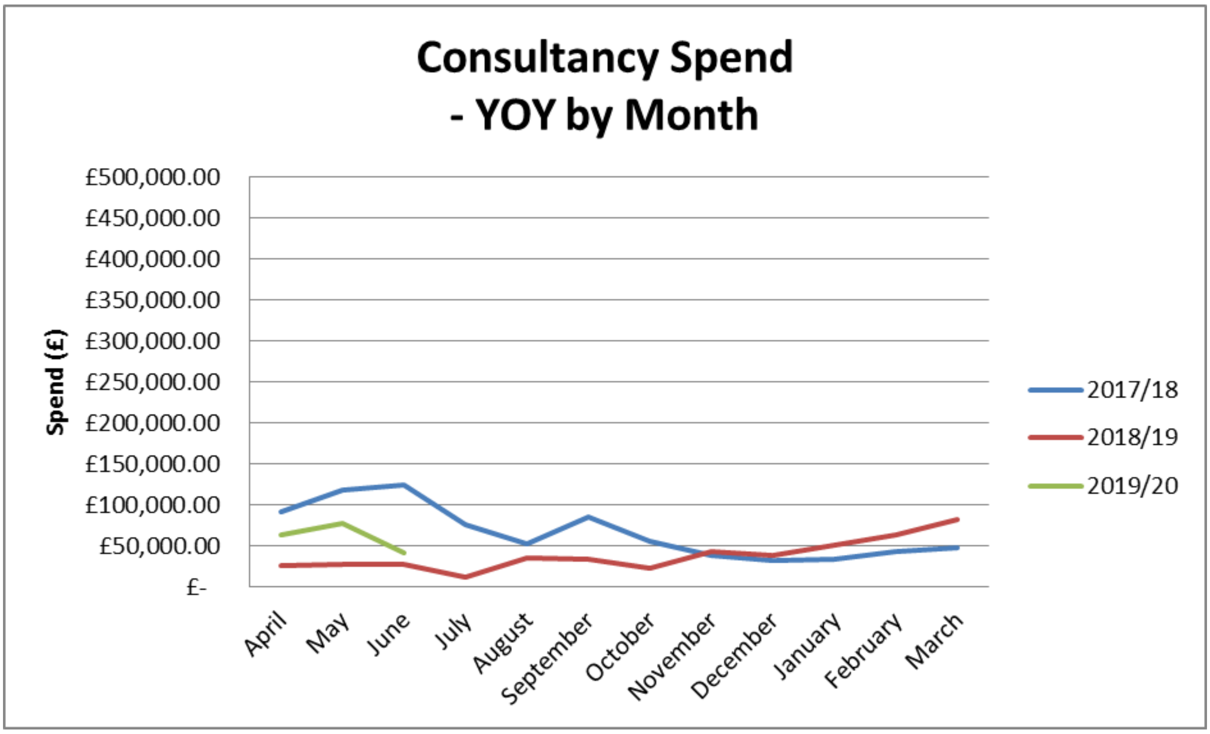
Consultancy Spend
- YOY by Month
Spend (£)
£500,000.00
£450,000.00
£400,000.00
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£300,000.00
£250,000.00
£200,000.00
£150,000.00
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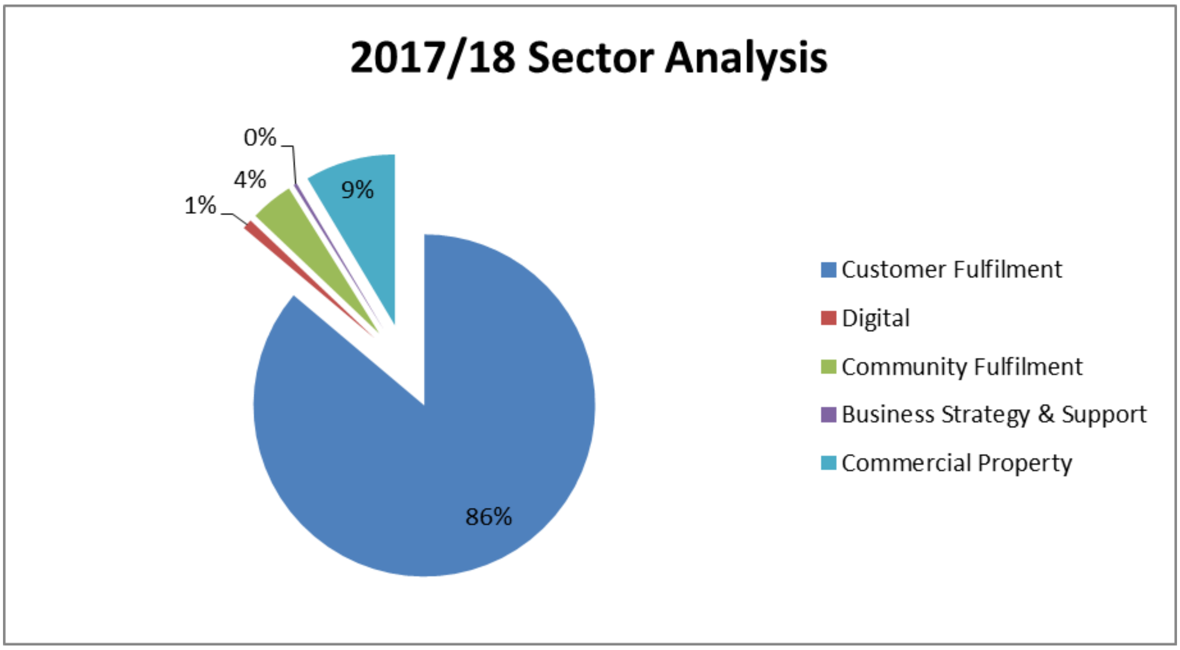
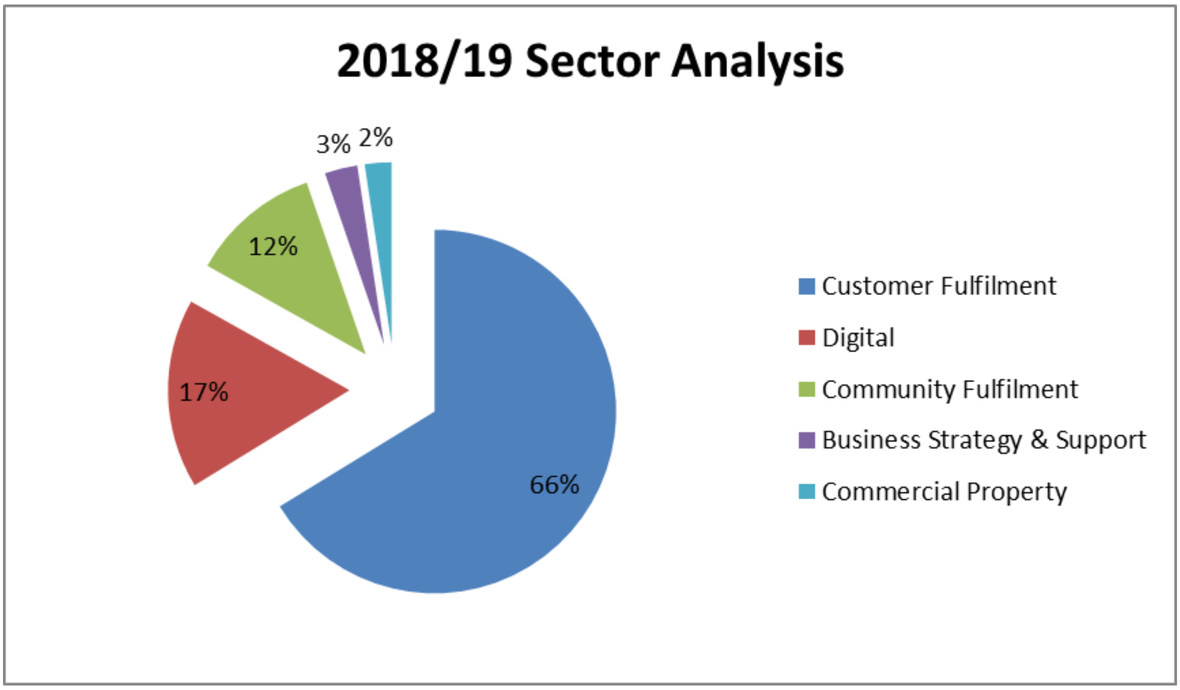
2018/19
2019/20


2017/18 Sector Analysis
0%
4%
1%
9%
86%
Customer Fulfilment
Digital
Community Fulfilment
Business Strategy & Support
Commercial Property



Sector Analysis for the current financial year is not presented as there is insufficient volumes of data on which to draw meaningful comparison (ie first quarter only).

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Finance and Services Scrutiny Committee
9 September 2019

COUNCIL TAX COLLECTION PERFORMANCE

1 Purpose

1.1 This report seeks to give Members more of an insight into the current performance of the Council Tax department. It is also intended to give an update and assurances about how this key area of incoming revenue, with high levels of customer interaction is continuing to develop.

2 Recommendations/for decision

2.1 The committee is asked to:

a. Note the actions being taken to improve collection rates in AVDC.
b. Recommend any further cost effective action that the Council can take to improve Council Tax collection rates.

3 Supporting information

3.1 In 2018, AVDC was tasked with the collection of £143,466,236 in council tax, the significant majority of which then passes on to the Buckinghamshire County Council, the Police and Fire services and parish/town councils.

3.2 Any council tax that is not collected "in year" will normally be collected within the first few months of the following financial year, with under 1% of council tax due having to be written off or collected in the following years.

3.3 In recent years, national council tax collection rates have fallen and AVDC was no exception to this trend. This year our collection rate was 98.76%, a healthy increase on 2017/18 final collection figure of 98.45%.

3.4 Despite the challenging financial environment, in 2018/19 AVDC also collected over £2 million in previous year debt. This was a substantial increase on the last two years collection for old debt, in 2016/17 the figure collected was £525,016 and in 2017/18 the amount collected was £300,012.

3.5 The main factors having an impact on performance at AVDC and nationally are legislative change and the impact of austerity and changes to DWP benefit.

- A change in Government regulations in 1st April 2013 has allowed people liable to pay council tax the right to pay by 12 instalments instead of the previous 10. Due to this, any slight delay or default in payment gives the Council little or no chance to take recovery action before the end of the financial year meaning that the "in year" recovery rate is reduced.
- The austerity factor has meant that some residents have found it difficult to manage their finances, even where their annual income is too high for them to qualify for support, they can experience short term cash-flow problems and paying their council tax instalment can be low on their list of priorities.
- The introduction of Universal Credit to AVDC in September 2018, has affected our residents and can often result in funds being unavailable to make their monthly council tax payments, we have worked hard as a team to ensure our customers are made aware of the changes and have provided

avenues of support and guidance to staff and residents on how these changes would/could affect ability to pay.

3.6 AVDC runs its own Council Tax Reduction Scheme granting £8,212,099 in 2018/19 to people who were struggling to pay their council tax and are on a low income. We also have access to £200,000 in discretionary fund. Both schemes have traditionally been used to support people who cannot pay, rather than those people who just choose to priorities other expenditure over paying their council tax. During 2018/19 we used some of the discretionary fund to assist with a small group of residents who had found themselves in large debt and were facing the situation of not being able to maintain their rental liabilities.

4. Mitigating actions

4.1 A new temporary banding procedure for new build properties was introduced in May 2018, ensuring residents are provided with a council tax demand notice promptly to avoid them having to catch up on payments. When a property in set up on Northgate, we would wait for the official band to be provided by the valuation office agency before sending the resident a bill. This can sometimes take up to six months, leading to a build-up of arrears before the customer has even been provided with instalments. By the introduction of a temporary banding policy, the customer receives manageable instalments which are easier to maintain and will assist us with achieving our collection rate.

4.2 Single Persons Discounts (SPDs) represent the largest area of discount awarded in respect of council tax, with over 23000 households claiming the 25% discount. In October 2018 AVDC instructed an independent company to carry out a review of all residents in receipt of the discount. The review completed on the 25 May 2019 and has resulted in the removal of 1,100 discounts and an additional £412,330 in collectable revenue across the district.

4.3 With the arrival of Universal Credit and the changes to the way DWP pay benefits to customers, AVDC looked at different ways to assist our residents with making payments of council tax. Direct Debit is the cheapest option for the authority to collect monthly instalments, a report was written to implement 4 additional dates for this method of payment. Following approval, AVDC can now offer its residents a selection of 6 available dates throughout the month for those residents wishing to set up a Direct Debit.

4.4 Additional training has been provided to staff to ensure they are maximising collection, ensuring accuracy is maintained and correct notifications are issued to our residents first time. The removal of summons in 2017/18 due to inaccuracy was on average 20-22% for each court hearing, the delivery of training and improvements to accuracy in 2018/19 has resulted in the removal of notices reducing to 2-3% in respect of recent court hearings.

5. Our commitment

5.1 To provide assurances that the department are fully committed to performing well and are committed to achieving our collection targets for 2019/20.

5.2 To continue to achieve outstanding results in preparation for the new Buckinghamshire Council, building strong solid relationships with our residents and internal/external colleagues to ensure improvements to collection is maintained.

5.3 Customer Fulfilment will continue to look for improvements to service delivery ensuring we achieve our collection rate for the year ahead, making numerous changes to the way we work this year has resulted in a strong result for 2018/19, we look to strengthen our department to continue to deliver an exceptional service for our residents and to grow our collection rates for 2019/20.

6. Resource implications

6.1 By ensuring we are working proactively and using a streamlined process we can enhance the customer experience without increasing staff levels, whilst maximising the potential for revenue collection.

Background Documents: None.
Contact Officer: Lorraine Marshall (01296) 585296

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Finance and Services Scrutiny Committee
9 September 2019

TREASURY MANAGEMENT 2018-19 YEAR END REPORT

1 Purpose

1.1 The Authority's Treasury Management Strategy requires that an annual report be brought to Council after each year end. This report sets out the performance of the Treasury Management section for the 2018/19 financial year.

1.2 The report also provides an update for the 2018-19 financial year.

2 Recommendations/for decision

2.1 To note the performance against the Treasury Management Strategy for 2018/19.

3 Review of 2018/19 Treasury Management

3.1 The objectives for the Treasury Management team for 2018/19 were laid out in the Treasury Management Strategy agreed by Council in February 2018.

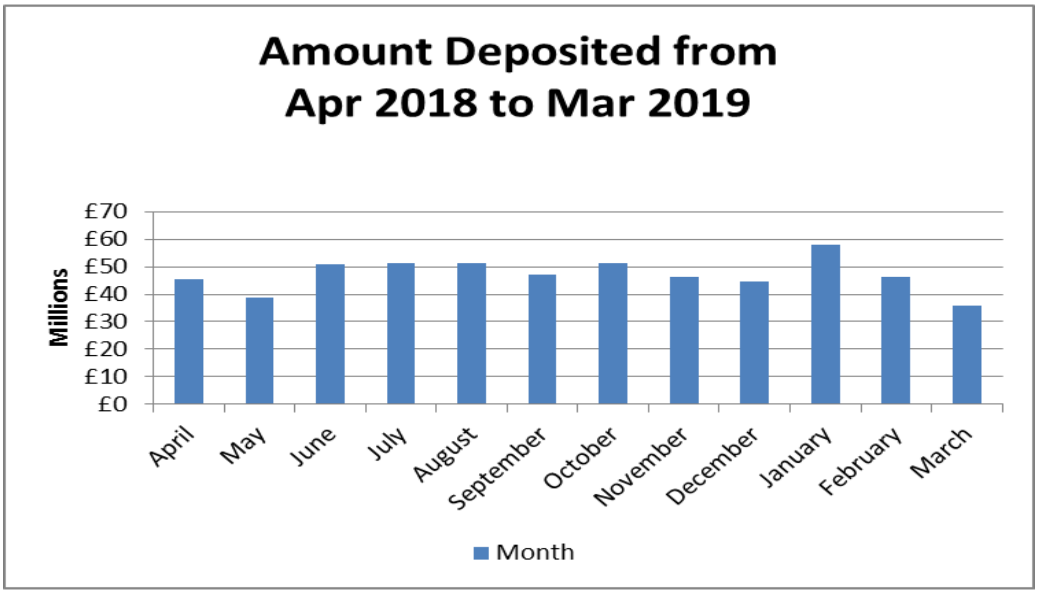
3.2 The main activities continue to be:

- Foremost, to maintain, the security of the Council's deposits by only depositing with trusted financial institutions and limiting the size and length of deposit with each organisation.
- To directly manage a range of deposits in order to provide sufficient flexibility to meet day to day operational needs
- To only undertake new long term borrowing where the business case justifies it.

3.3 Actual performance was in line with the plan.

- The Council placed deposits in a decreasing market by spreading its deposits thinly across many trusted institutions in accordance with its policy.
- The authority did not undertake any new long term borrowing.
- The in-house team achieved interest rates above the 7 day LIBOR rate.

3.4 The average monthly balances deposited by the in house team generated by the in-house team are set out in the bar chart below:



3.5 The table below details average weighed rate of return received over the financial year compared to the LIBOR rates available.

Period	AVDC Average	7 Day LIBID	3 Mnth LIBID
Q1 2018	0.61	0.360	0.441
Q2 2018	0.64	0.361	0.553
Q3 2018	0.76	0.511	0.658
Q4 2018	0.82	0.583	0.736
Q1 2019	0.87	0.573	0.755

3.6 Over the financial year, the rate of return had increased, and credit risk reduced.

3.7 For March 2019, the weighted average rate of return for the Council was 0.87% (on investment of £25.7). This compares to Benchmarking data where, across 231 authorities, the weighted average rate of return was also 0.86%, on investment average of £83.3m. (Source of data: Link Asset Services)

3.8 The table below shows the Council performance against capital and treasury indicators, as indicated by the Council Balance sheet, as at 31st March 2019.

2017/18	Capital Financing and Borrowing (£000s)	2018/19
41,204	Capital Financing Requirement (CFR)	36,523
41,204	Underlying borrowing requirement	36,523
23,225	External Borrowing	18,003
17,979	Internal Borrowing	18,520
-23,167	Net Borrowing (exc TFR Debt)	-17,764
51,693	Balances available for investment	51,852
46,392	External Investments	35,767
5,301	Internal Investments	16,085
-12,061	Total working capital surplus	-2,435

4 In House Treasury Team Performance

4.1 When managing the Council's deposits the primary consideration is to protect capital rather than to maximise return. This reflects the fact that the deposited sums are public money and, therefore, any loss of capital should be avoided at all costs.

4.2 The Treasury Management team continue to invest money in line with its list of approved (safe) institutions, varying the amounts and length of deposit according to the institution and the cash flow requirements at the time.

4.3 Although, a safe list of institutions is maintained, major unexpected events or a sudden loss of confidence in the banking sector cannot always be predicted.

4.4 Historically, the majority of the Council's lending has been with Banks and Building Societies but over the last year the Council has increased its range of investment with some of the major UK banks in order spread the risk of its portfolio. The Council has also started to lend to other Local Authorities to reduce exposure to smaller un-rated building societies. The lending list is monitored throughout the year to take account of any changes within the sector i.e. building society mergers / conversions to banks. During 2018/19 there were no mergers that affected the Council's lending list.

4.5 With interest rates still at low levels, the actual amount of deposit income generated was £375,867. This was £15,867 higher than planned and £100,781 higher than in 2017-18. This was due to the high level of money available for deposit from unspent reserves and balances held to meet capital programme obligations.

4.6 With the prevailing low rates the likelihood of an increase in the interest generated remains low.

4.7 In May 2019, the Bank of England kept UK interest rates at 0.75 per cent. Market intelligence on forecast rates are informed by the political and economic markets. Low inflation combined and the Brexit negotiations are forecast to keep monetary policy steady and interest rates are not expected to rise until the British economy is on a firmer footing.

5 Money Market Funds

5.1 The council operates three Money Market Funds to give the in-house team easy access to surplus funds. A third money market fund was opened during 2018/19 through Invesco Asset Management Ltd. This has given us greater short-term flexibility as well as security, as we can now keep more money in AAA rated instant access funds.

5.2 MMF interest rates have broadly increased in line with the Bank of England base rate. Returns for money market funds remain below those of fixed term deposits but they offer greater security being triple A rated. Although, the returns have reduced the MMFs are required to manage the daily cash flow as they offer daily access without any loss of interest.

6 New Borrowing

6.1 No new borrowing was taken out during the year.

6.2 Loans of £5m were repaid in May 2018.

6.3 Any borrowing that the council undertakes must be within the Authority's Authorised Limit and Operational Boundary, which are set at the beginning of each year.

6.4 It is a requirement of the code that any deviations from these limits, approved or otherwise, are reported to Council.

7. Fund Manager Performance

7.1 The council does not use fund managers to aid its investment decisions.

8 Treasury Management in 2019-20

8.1 The Treasury Management Strategy was presented to Council in February 2019.

8.2 The key messages were:

- Investments – the primary governing principle will remain security over return and the criteria for selecting counterparties reflect this.
- Borrowing – overall, this will remain fairly constant and the Council will remain under-borrowed against its borrowing requirement due to the higher cost of carrying debt.
- Governance – strategies will be reviewed by the Audit Committee with continuous monitoring. A Mid-Year report will be completed in due course.

8.3 An update on the Treasury Management for 2019-20 will be prepared mid-year for review by Members.

9. Scrutiny

9.1 Finance and Services Scrutiny Committee receive the Treasury Management Strategy prior to Council.

10. Reasons for Recommendation

10.1 Under the terms of the Statutory Code of Practice for Treasury Management, the Council is required to receive an annual report on its Treasury Management performance as well as a mid term report on the current year. This report represents the fulfilment of that requirement.

11. Resource implications

11.1 At the meeting of Cabinet on 20th November 2018, a decision was made to utilise the Interest Equalisation reserve to support cost pressures arising from the unitary decision. Whilst there is some risk in terms of financial volatility in delivery of planned investment returns, in recent times there have been better than expected investment income and the expected outlook does not signify a significant risk in the short term. The reserve was held to smooth out fluctuations in interest rates.

11.2 The Medium Term Financial Plan also recognises the Council's use of capital and other balances in delivering its plans and the impact that this will have on interest earnings.

Contact Officer	Nuala Donnelly (01296) 585164
Background Documents	Treasury Management Strategy 2018/19 and 2019/20

Finance and Services Scrutiny Committee
9 September 2019

QUARTERLY FINANCIAL DIGEST : APRIL 2019 – JUNE 2019

1 Purpose

1.1 This report presents the Financial Digest for the period to 30th June 2019. This represents the financial position for the first three months of the financial year 2019-20.

2. Recommendations

2.1	Members are requested to consider the digest and its contents.

3 Supporting information

3.1 This report presents the financial digest for the period to the end of June 2019 for member's consideration.

3.2 The financial digest is attached as Appendix 1.

3.3 The year to date financial information is based on the actual income and expenditure for the first three months of the financial year. An estimate of the expected financial outturn position for 2019/20 is also provided.

3.4 As at the end of June, a net overspend against budgets of £26,813 is reported.

3.5 The Council are forecasting to balance the budget for the 2019-20 financial year. A number of risks and issues have been identified and are being monitored and managed and it is anticipated that any additional cost pressures will be offset by budget underspends and additional income across the Council.

3.6 The Medium Term Financial Plan (MTFP) agreed by Council in February 2019 assumed a break-even position for 2019-20.

3.7 Members can be assured that the timely reporting has allowed for mitigating actions to be identified by budget holders and managers across the Council to address the emerging financial position.

3.8 2019-20 represents an exceptional year for the Council, with the move to the single unitary council in April 2020. The Secretary of State's decision to create a single unitary council in Buckinghamshire fundamentally reshapes the drivers for financial planning. Whilst every effort is being made to deliver to budget and remain focused on continuity of service delivery, the decision still has a profound impact on strategy and future planning. Furthermore, the decision creates uncertainty over the direction of work programmes and uncertainty for staff.

3.9 The financial environment is challenging and the focus of the Council remains to delivering financial stability.

3.10 The financial outlook is being reviewed on an on-going basis to both reduce financial risks that may impact adversely on the financial forecast and to identify additional efficiencies.

3.11 The forecast level of balances for the financial year is reported as £2.353m. This is higher than planned. The increase to the working balances is as a result of the 2018-19 financial outturn being better than forecast.

3.12 Earmarked reserves are held for legitimate reasons and the use of earmarked reserves is an essential part of sound financial planning.

3.13 The year to date forecast position currently assumes use of reserves to support some one off or exceptional spend and to offset agency costs for some areas where there are unusual pressures, e.g. the planning department. The use of further reserves will be assessed during the year.

3.14 There are a number of underlying factors to the reported YTD overspend of £26,813.

3.15 Despite known pressures across a number of budgets, it has been possible to largely offset year cost pressures with additional efficiencies and income for the period to date and forecast.

3.16 Detail of the significant cost pressures and efficiencies for the period to date include:

- Pay overspends of £0.4m (after the use of reserves and offset of income due) which includes the use of agency to support staffing.
- Operational pressures for the housing benefit, waste team at the depot and legal team have necessitated additional temporary staffing costs. These are being actively managed and forecast to be largely addressed in the coming months.
- For the three months to the end of June, a number of vacancies across the Council remain unfilled and not covered by agency, resulting in underspends. This is mainly related to the Project Management Office, the Communications and the Electoral and Democratic teams. This is mostly as a result of secondments made to the unitary team leaving vacancies at AVDC.
- The Council are reporting a year to date overspend of £120,000 on waste disposal costs. The cost of disposal is based mainly on the commodity value of each material (plastic, card, paper etc.) and therefore the cost paid is largely outside of the Council control. At current spend levels, the annual budget allocation will be exceeded by circa £400k. This compares to the first 5 months of 2018-19, when the Council received income for disposal. This has been highlighted as a future financial risk.
- Also, at the depot, the year to date financial position reflects additional income in relation to waste for mixed recyclates, for sale of bins and for commercial waste services (£110,000). BCC pay AVDC recycling credits per tonne of recycling. This is an incentive to divert waste from the EfW as this has a higher gate fee. The income will fluctuate each quarter as it will depend on how much recycling is collected from resident properties.
- Pressure on SEED income due to the impact of unitary decisions. Whilst pipeline council to council income remains strong, the ability to deliver it is reducing pending Unitary. Resources in the team are also being diverted to support other corporate priorities.
- Budget savings arising as a result of the delay in implementation of the taxi token scheme (£35,000)
- Savings against budget in relation to transitional relief for business rates (£105,000)

- Savings on vehicle parts and maintenance at the depot due to previous capital investment (£80,000)
- Above budgeted levels of income in relation to recovery of costs for the recovery of income from council tax and business rates debtors (£140,000) for the period to date. The income recovered will vary over the financial year and should cover costs.

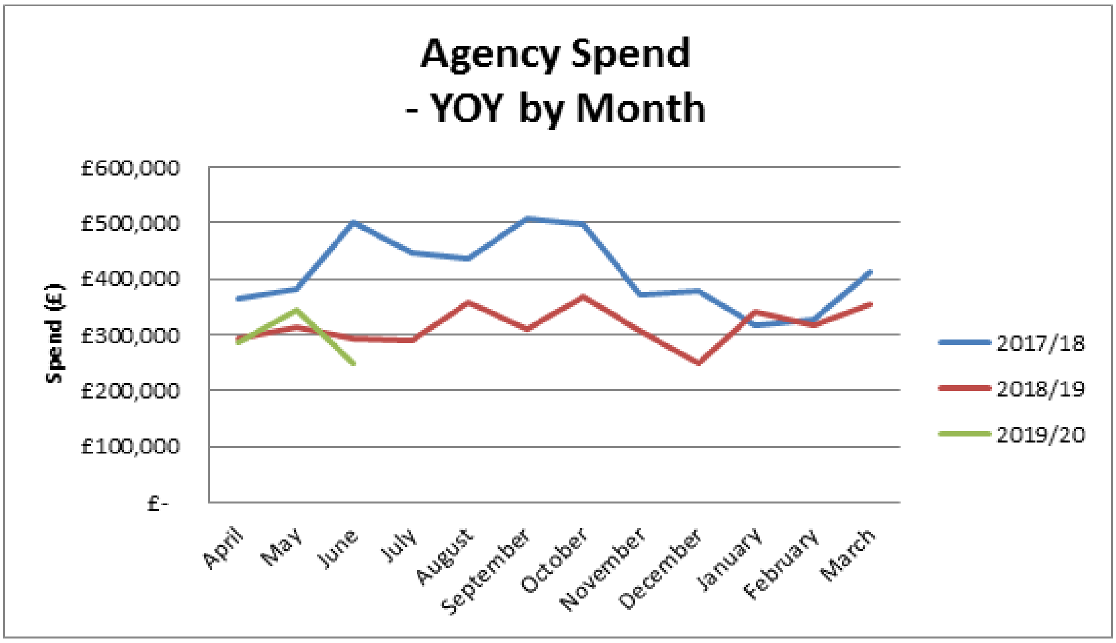
3.17 For the three months of the financial year to date, the main financial issues emerging are outlined in the paragraph above. Across the Council, many other budgets have less significant variances as spending patterns can be varied over the months and commitments not fully realised, resulting in smaller year to date variances. Budget holders review spend on a monthly basis.

3.18 The year to date financial position includes spend on agency staff. The spend on high cost agency staff continues to be monitored and managed in order to minimise overspends on salary budgets. The use of agency to cover vacancies and service pressures incurs a premium and often results in an adverse variance to agreed budgets.

3.19 A separate paper has been prepared for Members outlining the management arrangements for agency and temporary staff.

3.20 Agency spend is incurred for a number of reasons including
- To support funded project work e.g. Connected Knowledge programme
- To support service delivery where there are vacancies or activity related pressures.

3.21 The graphs below detail the current spend across the organisation, and also comparative information for previous years.



3.22 In the first 3 months agency spend is 3% lower than the average monthly spend incurred during 2018-19

3.23 Detail of the reserves and provisions currently held by the Council are listed on page 14 of the digest. These reserves are held against specific risks and commitments. The table details the closing balances for reserves at the end of March 2019 and gives an estimate of known/anticipated movements. The level of reserves held will change during the financial year as commitments are confirmed and approved.

3.24 As well as the revenue budget the digest, on page 15 also reports on the level of capital spend to 30th June 2019. A spend of £847,000 is reported. The spend is primarily on existing projects. Spend on existing and planned projects will be reviewed over the coming months to assess any capital slippage for the financial year. This will be reviewed further at Q2.

3.25 On page 16 there is information on the level of investments and borrowings during the first three months of the financial year. No new borrowing has been taken out so the current level remains at £18.5m.

3.26 The council had £44.3m invested at the end of June, in a combination of banks, building societies and money market funds.

4 Options considered

4.1 The financial forecast represents a view of the likely financial outturn for the financial year, given current working assumptions.

4.2 With nine months of the financial year left, it is difficult to assess the financial outturn with absolute certainty. In preparing forecasts, best estimates of income and expenditure are made in line with known expectations and intelligence on emerging issues in liaison with budget managers.

4.3 Whilst currently reporting a break-even position, the following risks and issues have been identified and are being monitored and managed;

- Property income shortfalls due to breaks in tenancy (loss of income
- Higher than budgeted costs of waste disposal
- Above planned payments on Dividends
- Budget underspends and additional income, largely relating to Business rates

4.4 Property costs.

- The tenants at 66 High Street, Aylesbury.
  have given notice to vacate the property on 30th September 2019. The forecast is prudent and does not assume the property will be re-let given current market condition. i.e. the worst case scenario. The forecast therefore reflects the expected shortfall in income over the last 6 months of the financial year. If however the property is re-let, the forecast outturn would improve.

- The forecast also reflects income foregone from keeping space vacant at the Gateway to meet unitary requirements.

4.5 Waste Disposal costs

- As detailed above, the Council have identified a cost pressure in relation to waste disposal costs. This is currently forecast to be £0.4m above budgeted costs for 2019-20
- This cost pressure is being flagged as a forecast overspend for the financial year, and also as a MTFP pressure for 2020-2021.

4.6 Despite the significant cost pressures, it is anticipated that the Council will be able to meet these additional costs from gains in Business rates.

4.7 The Council also holds a small contingency budget which can be used to offset some financial risk.

4.8 Limited use of reserves has been assumed at this stage. It is legitimate that reserves be applied to address some one-off or exceptional budgetary pressures. Reserves are held e.g. for planning related issues and this is currently identified as having exceptional finance pressures in year.

4.9 Timely forecasting is a vital function to support the financial management agenda. In preparing a financial forecast, it is possible to identify and flag any emerging issues in relation to finance and related activities, and early identification of issues allows for timely to corrective action to be identified as required.

4.10 Monitoring processes are in place, during 2019-20, to measure monitor performance in year against the agreed plan. The budgetary pressures facing the Council are understood and budget holders and managers are working hard towards delivering savings through efficiency and income generation.

4.11 The key financial management messages for the Organisation for the remainder of the financial year, based on the YTD financial position are highlighted as being:

- Reduce agency spend and dependency on temporary staffing solutions
- Identify where things could be done more efficiently, and at reduced cost
- Maximise all opportunities to increase income to the Council
- Reduce spend on non-pay items where possible
- Manage financial uncertainties arising from external factors including Unitary decision

4.12 The financial outlook is being reviewed on an on-going basis to both reduce financial risks that may impact adversely on the financial forecast and also to identify opportunities to improve on the current forecast position.

4.13 Members should note that ongoing pressures and risk identified as part of the monitoring process are being raised for consideration in developing MTFP proposals for 2020/21 for the Buckinghamshire Council.

4.14 Aylesbury Vale Finance officers are working closely with colleagues from across the county to present a combined in-year monitoring position for the Shadow Executive.

5 Resource Implications

5.1 The resource implications are as detailed within the digest. The digest represents the main forum for reporting budget performance to members.

6 Response to Key Aims and Objectives

6.1 Budget monitoring helps us to ensure resources are deployed in a way that is consistent with our key aims and outcomes.

Contact Officer	Nuala Donnelly 01296 585164
Background Documents	Appendix : Financial Digest June 2019

AYLESBURY VALE
DISTRICT COUNCIL

FINANCIAL DIGEST
JUNE 2019

FINANCE SECTION
AYLESBURY VALE DISTRICT COUNCIL
THE GATEWAY
GATEHOUSE ROAD
AYLESBURY
BUCKS HP19 8FF

ISSUE 1 - 19/20

CONTENTS

Main points of note contained within June's digest

The Main Message

The Council spent £26k more on the provision of services during the first 3 months of 2019/20 than allowed for in the budget.

- Pay overspends of £0.4m (after the use of reserves and offset of income due) which includes the use of agency to support staffing.
- For the Housing Benefit team, additional staffing and overtime costs have been incurred to address a significant backlog of work.
- Higher than budgeted staff costs have been incurred at the depot.
- A number of vacancies remain unfilled and not covered by agency, resulting in underspends. This is largely as a result of secondments made to the Unitary team leaving vacancies at AVDC.
- The Council are reporting a year to date overspend on waste disposal costs of £120,000.
- Increased income in relation to waste for mixed recyclates, for sale of bins and for commercial waste services (£110,000).
- Budget savings arising as a result of the delay in implementation of the taxi token scheme
- Savings against budget in relation to transitional relief for business rates
- Savings on vehicle parts and maintenance at the depot due to previous capital investment
- Above budgeted levels of income in relation to recovery of costs for the recovery of income from council tax and business rates debtors

- Reviews are ongoing with services to ensure effective financial management
- General efficiencies have been achieved in the three months to the end of June,a number of cost centres are reporting underspends.

The Council are forecasting to balance the budget for the 2019-20 financial year.
A number of risks and issues have been identified and are being monitored and managed

- Property income shortfalls due to breaks in tenancy (loss of income £206k)
- Higher than budgeted costs of waste disposal (additional costs of £440k)
- Offset by budget underspends and additional income, largely relating to Business rates

The Main Issues

The main issues arising are highlighted below, with further analysis included in the main body of the digest:

	Variance to Date £	Predicted Outturn £	
Top 5 Over Budget			
Waste & Recycling - Non Commercial	110,039	390,000	Domestic waste disposal fees
Waste & Recycling - Commercial	50,856	50,000	Trade waste disposal fees
Assistant Directors	50,698	0	Increased staffing and agency staff costs
Business Strategy	36,703	40,700	Income shortfall
Legal Services	25,516	64,300	Increased staffing costs
Top 5 Under Budget			
Car Park Management	(139,969)	(138,100)	Savings from transitional relief in business rates
Project Management Office	(28,851)	(25,000)	Savings from secondment of staff to Unitary workstream
Environmental Services	(13,791)	0	A number of savings across a range of services
Town Centre Open Spaces	(10,791)	0	Budget profiling. Will net to nil over the rest of the year
Electoral Services	(9,724)	(49,600)	Savings from secondment of staff to Unitary workstream and to cover maternity leave

GENERAL FUND SUMMARY AS AT 30TH JUNE 2019

GENERAL FUND STATEMENT OF BALANCES	ACTUAL OUTTURN 2018/19 £'000	ORIGINAL BUDGET 2019/20 £'000	EXPECTED OUTTURN 2019/20 £'000
Brought Forward 1st April	**(1,977)**	**(1,927)**	**(2,353)**
Planned Use of/(Contribution to) Balances	(240)	0	0
Less General Overspend Assumption	(192)	0	0
Contribution to the HS2 Fund	6	0	0
Commercial Activities	50	0	0
Net Use of/(Contribution to) Balances	(376)	0	0
Working Balance Carried Forward	**(2,353)**	**(1,927)**	**(2,353)**

Fund	General					
	Full Year			Year to Date		
Portfolio	Current Budget	Expected Year End Variance		Budget to Date	Actuals to Date	Significant Variances
Civic Amenities	(62,000)	(141,500)		193,520	43,215	(150,305)
Communities	1,354,300	(33,400)		313,390	306,016	0
Economic Development	(623,100)	284,600		5,585	(9,047)	(14,632)
Environment & Leisure	2,877,600	400		(287,310)	(310,461)	(23,151)
Finance & Resources	6,375,400	38,300		3,332,820	3,338,483	0
Leader	1,621,200	36,600		390,600	467,188	76,588
Planning & Enforcement	(787,300)	0		(151,510)	(167,565)	(16,055)
Strategic Planning & Infrastructure	1,194,900	0		249,400	264,824	15,424
Waste & Licencing	5,738,900	440,000		1,660,072	1,800,728	140,656
Total Portfolio Expenditure	**17,689,900**	**625,000**		**5,706,567**	**5,733,380**	**26,813**
Net Interest Payable	(1,214,400)	0				
Contribution To Reserves	1,633,900	0				
Contribution From Reserves	(383,600)	0				
Contingency Items	163,400	0				
Asset Management	(1,048,800)	0				
Financing Items	1,135,800	(94,000)				
District Expenditure	**17,976,200**	**531,000**				
Less Aylesbury Special Expenses	(841,800)	0				
Contribution (from)/to Special Expenses	(51,100)	0				
Net District Expenditure	**17,083,300**	**531,000**				
Government Grant	(5,690,700)	(531,000)				
Collection Fund	(11,392,600)	0				
Overspend	**0**	**0**				

Please Note: Figures in brackets are underspending/additional income

Fund	General
Portfolio	*Civic Amenities*

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year end Variance**	**Budget to Date**	**Actuals to Date**	**Significant Variances**	
Car Park Management	(853,700)	(138,100)	174,600	34,631	(139,969)	①
Leisure Centres	18,800	0	(157,650)	(162,594)	0	
Market	1,100	(3,100)	7,130	8,109	0	②
Public Burial Fees	3,000	0	750	(935)	0	
Public Conveniences	131,700	(300)	39,070	40,750	0	③
Theatre & Leisure Centre Management	80,900	0	20,510	11,459	0	
Town Centre Manager	191,400	0	42,640	41,575	0	
Town Centre Open Spaces	45,300	0	0	0	0	
Waterside Theatre	319,500	0	66,470	70,220	0	
Grand Total	**(62,000)**	**(141,500)**	**193,520**	**43,215**	**(150,305)**	

Notes

① £139,969 - lower costs - savings from transitional relief in business rates. The forecast has been amended to reflect savings from transitional relief in business rates.

② The forecast has been amended to reflect marginal savings from transitional relief in business rates.

③ The forecast has been amended to reflect very marginal savings from transitional relief in business rates.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Portfolio	*Communities*

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Community Safety	402,000	0	59,310	56,279	0	
Concessionary Travel	44,200	(33,400)	11,070	2,730	0	①
Grants	260,700	0	110,590	109,854	0	
Housing Pathways	52,600	0	17,370	9,937	0	
Housing Services	541,600	0	94,760	106,926	12,166	②
Strategy & Partnerships	53,200	0	20,290	20,290	0	
Grand Total	**1,354,300**	**(33,400)**	**313,390**	**306,016**	**0**	

Notes

① The forecast has been amended to reflect the suspension of the Taxi Token Scheme whilst its on review.

② £12,166 - higher costs - Homelessness Bed & Breakfast fees - costs are currently being monitored monthly.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Portfolio	*Economic Development*

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Bus Station	146,400	0	59,380	53,675	0	
Commercial Property	(1,899,300)	254,600	(519,735)	(508,634)	11,101	①
Economic Development	253,600	0	55,050	52,996	0	
Facilities Management	49,400	0	11,930	10,103	0	
Highway and Amenity Areas	7,300	0	1,830	181	0	
Industrial Estates and Town Centre Props	550,900	100	173,120	174,459	0	②
Land Charges	(8,000)	0	(7,230)	1,302	0	
Non Operational Property	(28,300)	0	(7,215)	(13,387)	0	
Office Accommodation	286,700	29,900	233,335	226,158	0	③
Standby Services	10,200	0	2,550	2,320	0	
Town Centre Open Spaces	8,000	0	2,570	(8,221)	(10,791)	④
Grand Total	**(623,100)**	**284,600**	**5,585**	**(9,047)**	**(14,632)**	

Notes

① £11,101 - higher costs - a business rates pressure for new building purchased in 2018/19.The forecast has been amended to reflect one tenant leaving mid-year & another re-negoitated a rent free period. Less income expected.

② The forecast has been amended to reflect marginal overspend in business rates.

③ The forecast has been amended to reflect to show deposit returned for tenant leaving following Pembroke Road development.

④ £10,791 - higher income - additional service charge income for the public realm. The forecast has been amended to reflect the additional income netting off with the increased costs for public realm.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Portfolio	*Environment & Leisure*

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year end Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Communities	473,700	0	89,875	86,762	0	
Community Centres	466,000	200	119,485	114,658	0	①
Environmental Services	908,600	0	(719,540)	(726,514)	0	
Facilities Management	52,500	0	13,140	11,526	0	
Parks, Pitches & Open Space	974,500	200	209,130	203,054	0	②
Waste & Recycling - Non Commercial	2,300	0	600	53	0	
Grand Total	**2,877,600**	**400**	**(287,310)**	**(310,461)**	**(23,151)**	

Notes

① The forecast has been amended to reflect marginal overspend in business rates.

② The forecast has been amended to reflect marginal overspend in business rates.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Portfolio	*Finance & Resources*

Service	Full Year: Current Budget	Full Year: Expected Year End Variance	Year to Date: Budget to Date	Year to Date: Actuals Plus Commitments to Date	Year to Date: Significant Variances	
Car Pooling Scheme	115,900	0	19,570	14,324	0	
Contract & Procurement Services	249,300	0	62,560	53,381	0	
Core Costs	1,322,900	0	355,730	355,742	0	
Democratic Services	513,900	0	128,070	128,957	0	
Digital Services	316,400	0	79,380	84,019	0	
Enterprise Service Desk Support	190,500	0	47,920	60,729	12,809	①
Facilities Management	4,200	0	4,200	10,998	0	
Finance & Payroll Services	1,695,000	63,300	492,200	513,274	21,074	②
Governance	0	0	(9,600)	(10,070)	0	
Housing Benefits	1,401,700	0	1,449,880	1,458,724	0	
Insurances	(67,600)	0	202,500	202,500	0	
IT Services - Strategic & Enterprise Service Desk	(48,300)	0	253,710	257,032	0	
Personnel Services	39,400	0	10,010	9,812	0	
Project Management Office	621,000	(25,000)	156,250	127,399	(28,851)	③
Rating & Recovery Services	60,500	0	94,250	88,697	0	
Training	(39,400)	0	(13,810)	(17,034)	0	
Grand Total	**6,375,400**	**38,300**	**3,332,820**	**3,338,483**	**0**	

Notes

① £12,809 - higher costs - recruitment & agency staff costs currently covering vacant posts, forecast to be recruited into.

② £63,300 - higher costs -higher than budgeted costs for iTrent system costs within payroll department . The forecast has been amended to reflect increased iTrent costs and costs in Finance as a result of maternity leave.

③ £28,851 - lower costs - current savings from transfer of employee costs to unitary workstreams.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Portfolio	*Leader*

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Assistant Directors	0	0	(12,210)	38,488	50,698	①
Business Strategy	127,200	40,700	31,890	68,593	36,703	②
Chairman's Expenses	23,700	0	5,220	1,609	0	
Chief Executive's Support Services	30,200	0	14,610	11,998	0	
Communications & Marketing	0	(18,800)	(12,400)	(21,711)	0	③
Democratic Services	1,088,600	0	271,510	264,389	0	
Director - AS	0	0	230	(570)	0	
Director - TA	0	0	2,750	(400)	0	
Electoral Services	388,700	(49,600)	77,510	67,786	0	④
Legal Services	(44,200)	64,300	9,750	35,266	25,516	⑤
Vale Lottery	7,000	0	1,740	1,740	0	
Grand Total	**1,621,200**	**36,600**	**390,600**	**467,188**	**76,588**	

Notes

① £50,698 - higher costs - additional employee & agency staff costs covering maternity leave & ongoing Planning Service operational requirements.   It is anticipated that overspend will be recovered by additional savings over coming months.

② £36,703 - lower income - reduction in SEED team income streams. The forecast has been amended to reflect the anticipated lower income.

③ The forecast has been amended to reflect lower salary costs due to unitary secondments within the department.

④ The forecast has been amended to reflect lower salary costs due to unitary & maternity secondments within the department.

⑤ £25,516 - higher costs - additional resources in place for 2019/20. The forecast has been amended to reflect the operational pressures of the team.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Portfolio	*Planning & Enforcement*

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Forward Plans	3,000	0	750	0	0	
Heritage	527,800	0	135,500	132,208	0	
Planning Services	(1,318,100)	0	(287,760)	(299,773)	(12,013)	①
Grand Total	**(787,300)**	**0**	**(151,510)**	**(167,565)**	**(16,055)**	

Notes

① £12,013 - lower income - income streams currently behind target although it is anticipated that this shortfall will be recovered later in the year.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Portfolio	*Strategic Planning & Infrastructure*

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Forward Plans	696,900	0	175,230	178,802	0	
Planning Services	257,100	0	89,620	108,277	18,657	①
Strategy & Partnerships	240,900	0	(15,450)	(22,255)	0	
Grand Total	**1,194,900**	**0**	**249,400**	**264,824**	**15,424**	

Notes

① £18,657 - higher costs - employee costs covering maternity leave & grow your own council initiative. These costs will reduce from future service savings / effiencies.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Portfolio	*Waste & Licencing*

Service	Full Year: Current Budget	Full Year: Expected Year End Variance	Year to Date: Budget to Date	Year to Date: Actuals Plus Commitments to Date	Year to Date: Significant Variances	
Environmental Services	172,000	0	44,702	37,884	0	
Health & Safety	7,700	0	(2,020)	(11,179)	0	
Licensing	(43,400)	0	(13,570)	(18,380)	0	
Waste & Recycling - Commercial	616,900	50,000	287,760	338,616	50,856	①
Waste & Recycling - Non Commercial	4,985,700	390,000	1,343,200	1,453,786	110,586	②
Grand Total	**5,738,900**	**440,000**	**1,660,072**	**1,800,728**	**140,656**	

Notes

① £50,856 - higher costs - Trade Waste disposal fees with Bucks CC - this contract is currently under review. The forecast has been amended to reflect these changes.

② £110,586 - higher costs - Domestic Waste disposal fees - the contract is reviewed by the supplier every three months (materials & employment costs) & this has resulted in increased contract costs. The forecast has been amended to reflect these changes & a budget pressure has been requested in the MTFP for future years.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Special	Yes

Service	CC Description	Full Year: Current Budget	Full Year: Expected Year End Variance	Year to Date: Budget to Date	Year to Date: Actuals Plus Commitments to Date	Year to Date: Significant Variances	
Community Centres	Administration	74,200	0	19,910	19,656	0	
	Alfred Rose	58,400	200	11,825	10,405	0	
	Bedgrove	65,200	(100)	16,100	13,208	0	
	Haydon Hill	18,300	0	3,900	4,563	0	
	Prebendal Farm	51,400	100	12,160	11,188	0	
	Quarrendon and Meadowcroft	62,500	0	23,940	26,409	0	
	Southcourt	44,100	0	11,480	10,179	0	
Community Centres Total		**374,100**	**200**	**99,315**	**95,608**	**0**	①
Parks, Pitches & Open Space	Alfred Rose Park	56,200	0	14,450	13,259	0	
	Bedgrove Park	75,700	0	31,050	28,750	0	
	Edinburgh Playing Fields	54,400	0	11,400	10,597	0	
	Fairford Leys	87,600	200	21,910	19,831	0	
	Meadowcroft Playing Fields	80,600	0	18,740	12,982	0	
	Parks Administration	243,800	0	36,580	33,246	0	
	Vale Park	12,700	0	3,150	5,499	0	
	Walton Court Sports Ground	39,000	0	8,700	5,846	0	
Parks, Pitches & Open Space Total		**650,000**	**200**	**145,980**	**130,009**	**(15,971)**	②
Market	Market	1,100	(3,100)	7,130	8,109	0	
Market Total		**1,100**	**(3,100)**	**7,130**	**8,109**	**0**	
Asset Rental Adjustment		**(91,800)**	**0**	**0**	**0**	**0**	
Grand Total		**933,400**	**(2,700)**	**252,425**	**233,727**	**(15,971)**	

Notes

① The forecast has been amended to reflect increased service charge income.

② The forecast has been amended to reflect the anticipated shortfall in rental & hire pitch income.

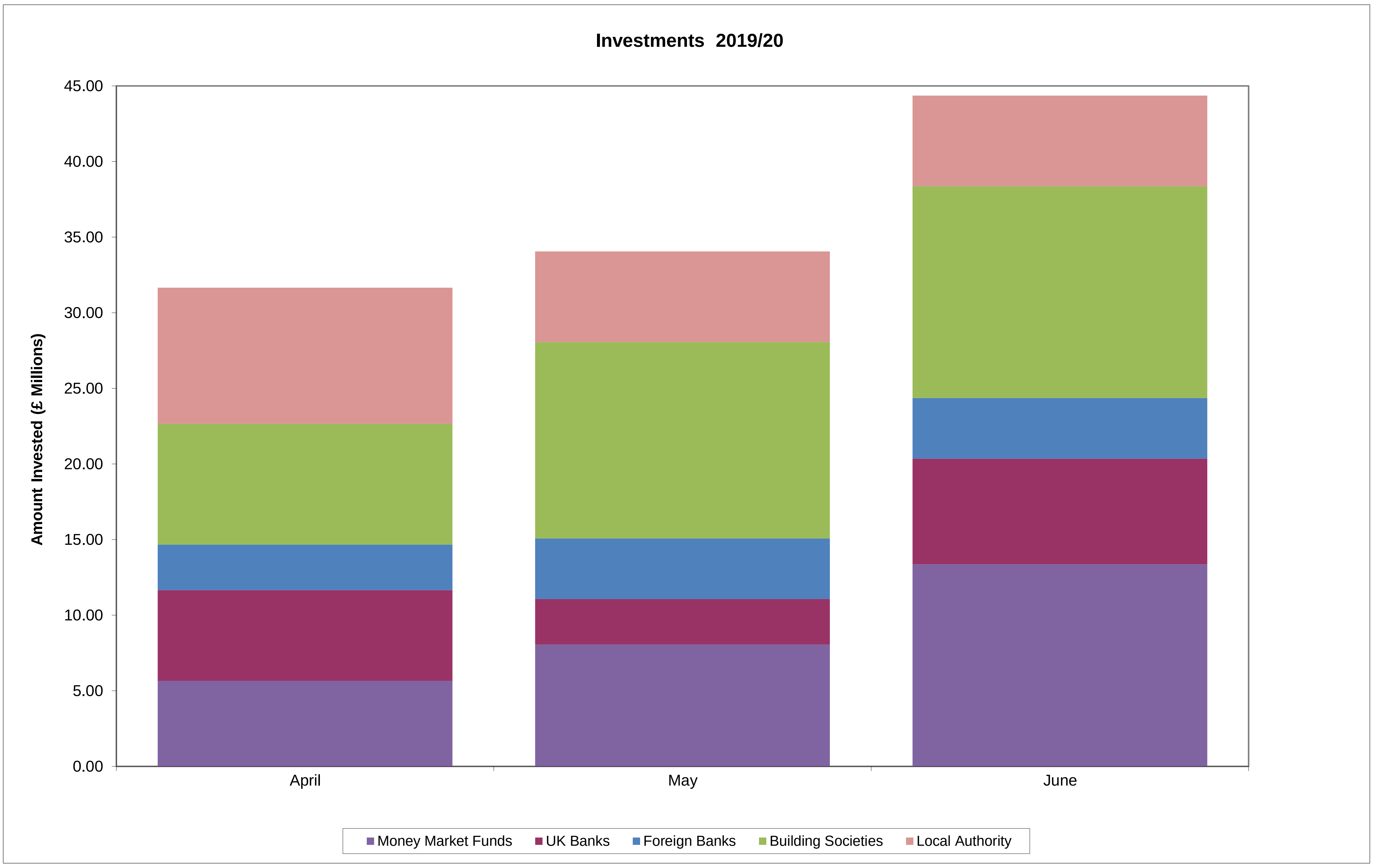
GENERAL FUND REVENUE RESERVES AND PROVISIONS

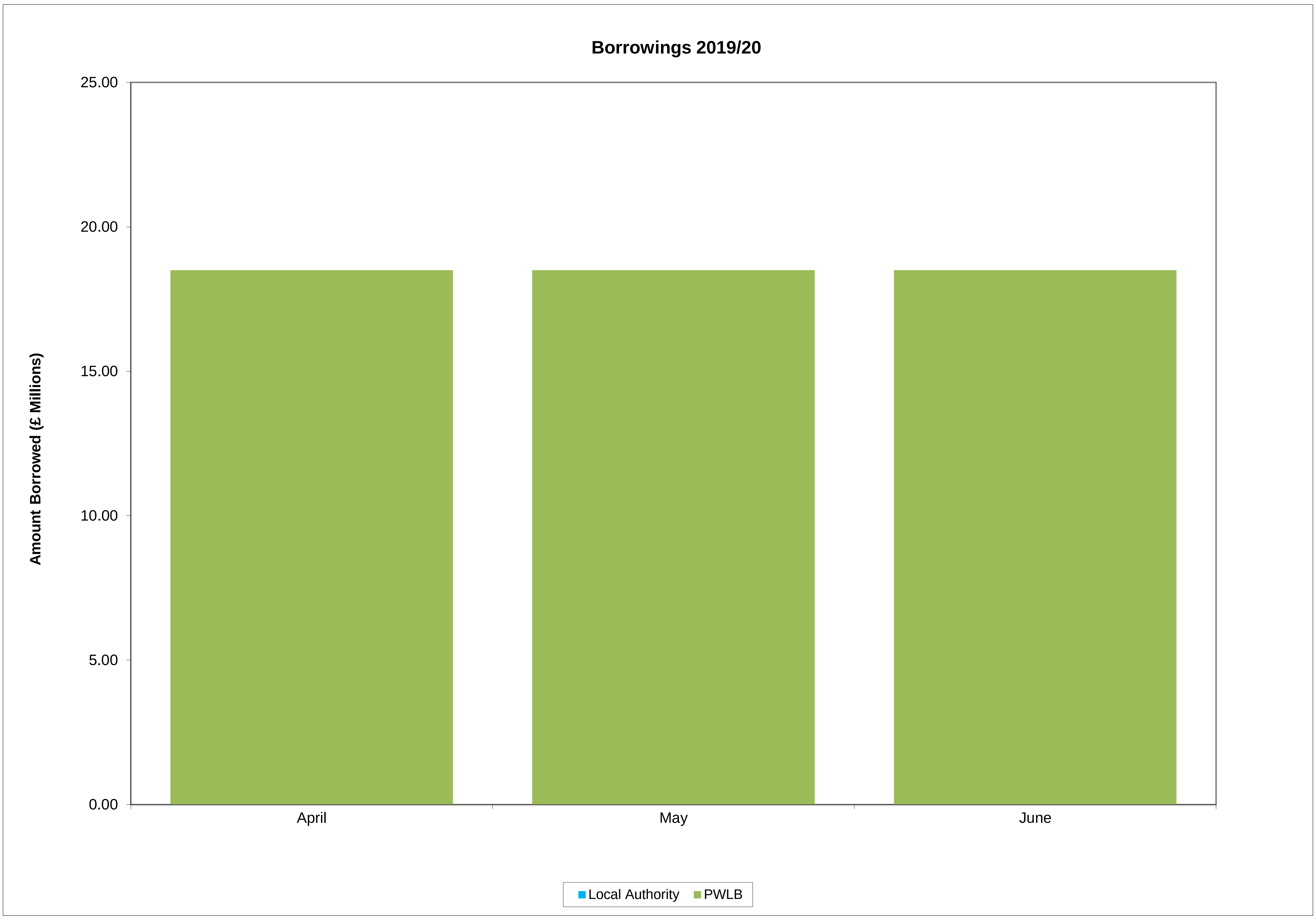
The table shows the current level of provisions and reserves held by the Council at the beginning of the year, the pl
movements in the year and the expected closing balance at 31st March 2020.

GENERAL FUND REVENUE RESERVES AND PROVISIONS	OPENING BALANCE 01/04/2019 £'000	TRANSFERS OUT £'000	TRANSFERS IN £'000	EXPECTED CLOSING BALANCE 31/03/20 £'000
PROVISIONS				
NNDR Appeals	(2,041)	0	0	(2,041)
Refundable Bonds	(287)	0	0	(287)
Expected Credit Losses	(8)	0	0	(8)
BAD DEBT PROVISIONS				
Housing Benefits Overpayments	(2,097)	0	0	(2,097)
Local Taxation	(561)	0	0	(561)
Other	(292)	0	0	(292)
Off Street Parking	(80)	0	0	(80)
Haywoods Way	(41)	0	0	(41)
TOTAL PROVISIONS	**(5,407)**	**0**	**0**	**(5,407)**
RESERVES				
Unitary	(4,974)	0	0	(4,974)
New homes bonus - town centre regeneration	(4,500)	0	0	(4,500)
Amenity areas	(2,874)	0	0	(2,874)
New homes bonus - parishes	(2,855)	3,713	(858)	0
Business rates	(1,893)	0	(748)	(2,641)
Property sinking	(1,766)	70	0	(1,696)
New homes bonus - connected knowledge	(1,751)	1,000	0	(751)
New homes bonus - uncommitted	(1,548)	750	(3,694)	(4,492)
New homes bonus - high speed broadband	(1,536)	200	0	(1,336)
Repairs & renewals	(1,122)	150	0	(972)
Fairford Leys riverine	(894)	894	0	0
Planning fees	(608)	608	0	0
New homes bonus - depot refurbishment	(597)	300	0	(297)
Property strategy	(540)	0	0	(540)
Health licensing income	(498)	50	0	(448)
Self insurance	(448)	0	0	(448)
Aylesbury special expenses	(425)	51	0	(374)
New homes bonus - east/west rail link	(350)	0	0	(350)
Car parking	(223)	223	0	0
District elections	(200)	0	(48)	(248)
Recycling & composting	(172)	172	0	0
Leisure activities	(156)	0	0	(156)
Historic buildings	(135)	0	0	(135)
Housing needs & section 106	(107)	0	0	(107)
Business support fund	(102)	0	0	(102)
Information technology	(78)	375	(297)	0
Rent guarantee scheme	(71)	0	0	(71)
Market research	(47)	0	0	(47)
Playgrounds	(40)	0	0	(40)
Benefit subsidy	(35)	0	0	(35)
Future vehicle costs	(34)	0	0	(34)
Business transformation	(29)	0	0	(29)
TOTAL RESERVES	**(30,608)**	**8,556**	**(5,645)**	**(27,697)**

CAPITAL PROGRAMME SPEND TO 30TH JUNE 2019

	REF	APPROVED SPEND £s	PRIOR YEARS' SPEND £s	EXPECTED SPEND 19/20 £s		ACTUAL SPEND AT 30/06/19 £s
University Campus, Aylesbury Vale	8001	16,550,000	16,312,727	237,273		0
Public Realm Waterside North	8004	11,900,000	8,985,553	2,914,447		782,225
Refuse Vehicles Replacement	8005	600,000	0	600,000		0
Depot Purchase / Refurbishment	8006	11,305,000	6,738,574	4,566,426		56,357
Car Park Improvement	8007	800,000	40,129	759,871		0
Community Centre Upgrades	8008	405,000	64,352	340,648		9,350


Investments 2019/20
45.00
40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
0.00
Amount Invested (£ Millions)
April
May
June
Money Market Funds
UK Banks
Foreign Banks
Building Societies
Local Authority


Borrowings 2019/20
25.00
20.00
15.00
10.00
5.00
0.00
Amount Borrowed (£ Millions)
April
May
June
Local Authority
PWLB

MEMBER FEEDBACK / QUESTION SHEET

ISSUE 1 - 19/20

FEEDBACK

If any members have any questions regarding the digest then please ring one of the Finance team on the numbers below or alternatively use the tear off page to record you comments or questions.

Accountancy	Team	Phone No.
Andrew Small	Director	585507
Nuala Donnelly	Corporate Finance Manager	585164
Sharon Russell-Surtees	Corporate Accountant	585391
Gareth Davies	Finance Business Partner	585276
Patricia Burden	Finance Business Partner	585406

FEEDBACK

QUESTION

QUESTION

Feedback Sheet Returned by:

COUNCILLOR ______________________________

DATE ______________________________

Please return Feedback / Question sheet to:

Strategic Finance

Aylesbury Vale District Council

The Gateway, Gatehouse Road

Aylesbury

Bucks HP19 8FF